



City of Jonesboro

Municipal Center
300 S. Church Street
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Tuesday, August 29, 2017

4:00 PM

Municipal Center

1. Call To Order

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2. Roll Call by City Clerk Donna Jackson

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Councilman Coleman arrived at 4:06 p.m. during discussion of ORD-17:070.

Present 5 - Ann Williams; John Street; Charles Coleman; Joe Hafner and David McClain

Absent 1 - LJ Bryant

3. Approval of minutes

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MIN-17:091

Minutes for the Finance Committee meeting on August 8, 2017

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Attachments: [Minutes](#)

Chairman Hafner questioned why the minutes didn't reflect his vote on the items during the last Finance Committee meeting. Under Jonesboro Code of Ordinances Sec. 2-95(C) regarding Council committee meetings, it states "The concurring vote of a majority of those attending a meeting, providing a quorum is present, shall represent the acts of the committee."

A motion was made by Councilman John Street, seconded by Councilman David McClain, that this matter be Passed . The motion PASSED with the following vote.

Aye: 3 - Ann Williams; John Street and David McClain

Absent: 2 - Charles Coleman and LJ Bryant

4. New Business

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ORDINANCES TO BE INTRODUCED

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[ORD-17:070](#) AN ORDINANCE AUTHORIZING RAISES FOR ELECTED OFFICIALS

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Sponsors: Finance

Chairman Hafner explained last year when the survey was done for city employees an additional survey was done for elected officials. Earlier this year, the Finance Committee reviewed that survey and he made a comment that he thought everyone was paid fairly. The issue was tabled for later. He got a call from Chief Financial Officer Suzanne Allen in early August expressing concern over elected officials and the amount of time since their last pay raise. He asked her to send an email, which she did. He presented the email at the last Finance meeting. The email indicated she and the human resources director had reviewed raises and found that the last raise had been given to elected officials in 2015. At that meeting, they asked for a recommendation be brought forward, which they now have in the form of an ordinance. He then read the ordinance.

Councilman Street asked if the raise is basically cost of living increases for the past few years. Ms. Allen answered yes, that's what they looked at. It would be cost of living for the past three years. The Johanson brother recommended 6% for the mayor, city attorney and city council. They also recommended 3% for the city clerk. They chose to distribute fairly and do 6% for everyone.

Councilman McClain questioned the need for the increase to be retroactive to January 1st. Ms. Allen stated it is a cost of living for this year, so they wanted to include the entire year. Councilman McClain then asked if this was the right time to have the increase since they just did one last year for the employees. Ms. Allen explained they thought it was fair for the elected officials to get a raise, as they raised everyone else to be competitive with the market. They took the Johanson brothers recommendation for the rest of the city. They thought, to be fair to the elected officials, they should take the recommendation on this as well. Councilman Street noted if you don't address it, then the bigger the gap gets as time goes on. That's what happened with the city employees.

Councilman Street motioned to move the ordinance to full Council.

Chairman Hafner referred to the ordinance stating the increases would be paid for with savings from other funds. He questioned what line items those savings are in. Ms. Allen explained, for example, with the money the city in the IT fixed assets account that was saved from renewing the Ritter contract. It would be money not necessarily in the elected officials' budgets, but in other department's line items where they've experienced savings.

Chairman Hafner then asked if there would be further savings during the year to keep the expense budget neutral. He noted there's about \$3.1 to \$3.2 million being pulled from reserves this year. Part of that was from the raises from last year. He just wants to make sure they are being good stewards of the city's money without having to keep

pulling from reserves. Ms. Allen noted when the raises were done last year, she stated the city would have to dip into the reserves every year to cover them. She doesn't think 6% for elected officials is going to make or break the city. The city will have to look in the future at cutting back on capital projects to be able to survive the increases in pay. The city will have to look at changes or look into some sort of sales tax to be able to afford the increases and keep the capital projects the way the city has been going the past few years.

Councilman McClain stated after that comment, he doesn't feel like this is the right time. The increases shouldn't be done now. This isn't a priority for us and he doesn't think they should do it. He understands the issue, but he doesn't think it should happen now.

Councilman Street questioned how much the tax collections from Amazon are. Ms. Allen explained during the month she looked at it, the tax went from \$2,000 to \$12,000. They will have to watch the trend to see if it continues. But, they budgeted increases in the revenues. She still feels in six years the city will deplete its reserves in six years if the city stays on the same path.

Chairman Hafner reiterated the budget showed a \$3.2 million use of reserves this year. He asked what the projection is for this year. Is it still on track for the \$3.2 million or better? Ms. Allen answered it's still on track for the \$3.2 million due to the expenses that were added, such as drainage and excavator purchase. Revenue has come out ahead of budget, but because of expenses she believes the city will be right in line with what they budgeted for use of reserves at the end of year which was \$3.2 million.

Councilman Street then asked about the tax collections. Ms. Allen stated collections have remained stable. It's more than what was budgeted. Chairman Hafner noted the city is up in expenses. Ms. Allen answered yes because of things such as sidewalks and other expenses.

Chairman Hafner explained this ordinance is the Finance Department's recommendation. But, the committee is free to make any changes they see fit, whether it be amounts or date the increase becomes effective. He noted there is already a motion on the floor. Councilman Street explained if they forward it to council then the whole council can weigh in on it. He thinks it's pretty inconsequential and council can be taken out of the increases and just look at mayor, city attorney and city clerk. He then asked what the total cost will be for the 6% increases. Ms. Allen answered it will be right around \$40,000.

Councilman Street again motioned to forward the ordinance to City Council. Coleman seconded.

Chairman Hafner noted if it goes to full Council then it will be on three readings. The Council still has the right to weigh in on it and change it, etc. Councilman McClain reiterated his concerns that his isn't the right time, not at the threat of cutting projects. Chairman Hafner stated a lot of him is in the same boat, but he does feel like it would be good for the full City Council to weigh in on it.

A motion was made by Councilman John Street, seconded by Councilman Charles Coleman, that this matter be Recommended to Council . The motion PASSED with the following vote.

Aye: 3 - Ann Williams; John Street and Charles Coleman

Nay: 1 - David McClain

Absent: 1 - LJ Bryant

RESOLUTIONS TO BE INTRODUCED

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RES-17:128

A RESOLUTION TO SUBMIT AN APPLICATION TO THE U.S. DEPARTMENT OF JUSTICE FOR THE 2017 JUSTICE ASSISTANCE GRANT (JAG) PROGRAM FOR THE CITY OF JONESBORO

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Sponsors: Grants and Police Department

Attachments: [Jonesboro E-Citation and E-Crash Program - Project Narrative](#)
[Project Abstract](#)
[Program Attachments for JAG Application](#)
[FY 2017 Budget](#)
[Budget Narrative](#)
[MOU for the City of Jonesboro and Craighead County 05252017](#)

Parks Director Wixson Huffstetler explained this is a redo. They had the wrong person sign it. They had a department head sign it instead of a higher up person. Chairman Hafner questioned who "they" is. Mr. Huffstetler answered the US Department. He added they also added that the bike racks will become a possession of the City of Jonesboro, so the city will be responsible for maintaining the racks, not them.

After voting on RES-17:129, the committee discussed this item again due to Mr. Huffstetler's comments occurring during the wrong item on the agenda.

Chairman Hafner stated he thought this item had been presented to Council before, or at least in front of the committee. Councilman McClain agreed, noting he remembered Police Chief Rick Elliott discussing the e-ticket program. Chairman Hafner questioned whether anything had changed. Mayor Perrin answered no, he wasn't aware of any changes. He added Grants Administrator Kimberly Marshall is not present at the meeting today. But, they have already approved it once. The money will outfit 35 police cars. The city also has about \$50,000 coming from the State Police. They hope to have a half to three-quarters of the police cars outfitted by January so they can do e-tickets. Councilman Street noted the JAG grant is 100% funded. Mayor Perrin added there is no match for the State Police grant as well.

Ms. Allen explained this is the application itself. Ms. Marshall has also asked permission to submit the application, which may be what the difference is. Mayor Perrin further explained himself, as well as the county judge, will have to sign off on the grant.

A motion was made by Councilman John Street, seconded by Councilman Charles Coleman, that this matter be Recommended to Council . The motion PASSED with the following vote.

Aye: 4 - Ann Williams;John Street;Charles Coleman and David McClain

Absent: 1 - LJ Bryant

RES-17:129

A RESOLUTION TO AMEND THE CITY OF JONESBORO AGREEMENT WITH THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS ACTING ON BEHALF OF THE UNIVERSITY OF ARKANSAS COOPERATIVE EXTENSION SERVICE (UACES) FOR THE PURCHASE OF BIKE RACKS THROUGHOUT THE CITY

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Sponsors: Grants, Planning and Parks & Recreation

Attachments: [CDC MOA with City of Jonesboro Revised](#)

Mayor Perrin noted Mr. Huffstetler spoke out of turn. His comments during RES-17:128 should've been during this item. He noted the item the committee just voted is for a JAG grant, not for the bike racks. Mr. Huffstetler reiterated his comments from the previous item on the agenda.

A motion was made by Councilman John Street, seconded by Councilman David McClain, that this matter be Recommended to Council . The motion PASSED with the following vote.

Aye: 4 - Ann Williams;John Street;Charles Coleman and David McClain

Absent: 1 - LJ Bryant

5. Pending Items

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6. Other Business

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Councilman Street motioned, seconded by Councilwoman Williams, to suspend the rules and place ORD-17:072 on the agenda. All voted aye.

ORD-17:072

AN ORDINANCE TO AMEND ORDINANCE SECTION 2-576 TO ADD BENEFITS CONSULTING SERVICES AS A PROFESSIONAL SERVICE

Sponsors: Finance and Human Resources

Chairman Hafner stated it was mentioned this would be no cost to the city, but could save thousands. He asked what the details are of the arrangement. Human Resources Director Dewayne Douglas explained by hiring a benefit consulting firm they can shop the market. They are expecting to come in with a lower rate than what is being offered. If the rates come in higher, then they could have an increase on health renewal. The consulting firm fees are usually built into the rates, so there's really no cost to hiring a consulting firm.

Chairman Hafner stated then the city would have insurance coverage through the consulting firm. Mr. Douglas explained the city is just giving them permission to shop the market and provide the city options to choose from as to who the city wants to do business with. Ms. Allen added the city will put out a Request for Qualifications for consulting services, read through those, then decide which services would be the best

for the city based on parameters in the RFQ.

Councilman McClain questioned if this is done every year. Ms. Allen answered no, the city has always gone with the increase with Blue Cross Blue Shield. She explained Mr. Douglas has had several people approach him to ask him to bid it out because they think they can save the city money. It's gotten to the point that health care costs keep rising, so they feel like to due their due diligence they need to see what else is out there. But, the city may end up staying with the same company. Councilman Street noted that Mayor Perrin has been very successful over the years in negotiations over the years with Blue Cross without losing benefits.

Mayor Perrin explained the current carrier for the city is Blue Cross Blue Shield. They came in a few weeks ago with the renewal information the city had been waiting on. Blue Cross proposed a 17.5% increase to keep benefits the same. The city responded saying they cannot afford that big of an increase since they're already paying over \$4 million a year in premiums. Blue Cross then came back again with a 10.5% proposal. Then, as of today possibly after learning the city was going to go out for bids, Blue Cross proposed a 4.5% increase. That was the figure he had previously told Blue Cross the city would need to stay with them.

He further explained this ordinance will allow the city to get a broker to go out and shop around for benefits. They have already visited with a firm that has a unique arrangement whereby plans have a high deductible, but then gap coverage is available to insure the gap. Some other companies they have been able to do that for were able to save money. For instance, the employees have a \$600 deductible right now. They may go back and say \$5,000 deductible with Blue Cross, which lowers the premium dramatically. Then, another company would come in and pick up the difference between the \$600 deductible and \$5,000 deductible and save money, so the employees may not be out anything in deductibles. They would like to shop that around to see if it can be done. If it can't be done, then they'll go back to the current carrier and state negotiating with them.

Councilman McClain asked if the consulting firm was needed to do that. Mr. Douglas stated the firms are the experts and will shop all of the city's benefits. Councilman McClain then questioned how much the firm will be paid. Mr. Douglas answered the city won't have to pay them anything; rather, their fees are built into the administrative fee. Ms. Allen further explained, for instance, if a broker is working with Delta Dental, then Delta Dental pays the broker. Mr. Douglas added it will be built into the premium. They will have an extra line item to pay their fee and will be built into whatever quote they get. Ms. Allen stated it won't cost the city anything.

Mayor Perrin noted they haven't heard back from Delta Dental yet, so they're just bidding out the health insurance.

Councilman Coleman stated these days you need someone to go out and research that information for you because the city can't do it ourself. Mr. Douglas they will do an RFQ for qualifications and choose the best broker to see what they can get in the marketplace. Mayor Perrin added they will come back with the best recommendation, whether it's through broker or going back with Blue Cross after major evaluations. Ms. Allen noted Blue Cross will bid.

Chairman Hafner clarified all this ordinance does is change the code to add benefit consulting to professional services. Ms. Allen added they will come back to the Council with a contract for a benefit consulting firm. Mayor Perrin explained ASU does

this because they are self-insured, so they do this every year.

Mr. Douglas further explained different brokers offer different services, which is why they want to do this. They want to see what else the brokers can offer the city, for example software.

A motion was made by Councilman John Street, seconded by Councilman Charles Coleman, that this matter be Recommended to Council . The motion PASSED with the following vote:

Aye: 4 - Ann Williams;John Street;Charles Coleman and David McClain

Absent: 1 - LJ Bryant

Discussion concerning 2018 budget process

Mayor Perrin stated an email was sent to the department heads today concerning budget time. They were asked to start preparing their budget for 2018. They will try to give the full Council a proposed draft budget by Thanksgiving, so they can review it for a few weeks before being asked to discuss and vote on it. Department heads are aware the process is coming up and have probably already done some work. They have been good about the budget and don't buy anything unless they absolutely need it. He will be more involved with the budget this year than he has been in the past because of revenue and such. Like what was said earlier, if the city keeps voting in things then they will never catch up. Expenses of \$3.5 million will have to come out of reserves, while sales tax is only 3.65% over last year. The 2017 budget was about \$3 million in the hole for operating and \$2 million in the hole for capital, leaving \$5 million being taken out of reserves to balance the budget. So, in 2018 they will look at everything closely. The budget will be tight. Already this year, they have passed ordinances for \$2.4 million that wasn't budgeted for, but needed to be purchased.

They will be looking at the total reserve. The required reserve is 15% of O&M expenses, then \$1.78 million is being allocated for the Highway Department. The leftover will be the net reserve. He's watching it very closely every month. But, even if the city just goes with standard operating improvements, such as overlays and sidewalks, and doesn't do any capital improvements, in about 4-6 years the city will have to make a decision about asking for a sales tax.

7. Public Comments

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8. Adjournment

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A motion was made by Councilman John Street, seconded by Councilman David McClain, that this meeting be Adjourned. The motion PASSED with the following vote.

Aye: 4 - Ann Williams;John Street;Charles Coleman and David McClain

Absent: 1 - LJ Bryant